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Gov. Schwarzenegger Announces Three Enterprise Zones in North State, 23 Statewide to Spur Job Growth, Economic Development

Continuing his efforts to create jobs and a positive business environment, Gov. Schwarzenegger announced today the conditional designation of the Eureka, Oroville and Shasta Enterprise Zones in the North State, part of 23 Enterprise Zones he named statewide.

“Since I became Governor, I have worked tirelessly to improve the business climate and create more than 650,000 new jobs,” said Gov. Schwarzenegger. “By using incentives like hiring credits or sales tax credits, these Enterprise Zones can harness the entrepreneurial spirit of our state and help draw business investment to economically depressed areas. Enterprise Zones lead to more jobs, less poverty and long-term economic stability.”

The new designations will take the place of the 23 zones set out in statute which are expiring over the next several months. Each zone designation is in effect for 15 years.

The California Enterprise Zone Program targets economically distressed areas using special state and local incentives to promote business investment and job creation. By encouraging entrepreneurship and employer growth, the program strives to create and sustain economic expansion in California communities.

Businesses within Enterprise Zones are eligible for substantial tax credits and benefits including:

- Firms can earn \$31,234 or more in state tax credits for each qualified employee hired.
- Corporations can earn sales tax credits on purchases of \$20 million per year of qualified machinery and machinery parts.
- Up-front expensing of certain depreciable property.
- Lenders to Zone businesses may receive a net interest deduction.
- Unused tax credits can be applied to future tax years, stretching out the benefit of the initial investment.
- Enterprise Zone companies can earn preference points on state contracts.
- Up to 100% Net Operating Loss (NOL) carry-forward. NOL may be carried forward 15 years.

In August, Gov. Schwarzenegger released [a report](#) commissioned by HCD that evaluated the success of Enterprise Zones in spurring economic recovery. The report shows that from 1990 to 2000 Enterprise Zones on average experienced:

- Poverty Rates: declined 7.35 percent more than the rest of the State

- Unemployment Rates: declined 1.2 percent more than the rest of the State
- Household Incomes: increased 7.1 percent more than the rest of the State
- Wage and Salary Income: increased 3.5 percent more than the rest of the State

The next step in the designation process will be the Department of Housing and Community Development's (HCD) issuance of a conditional designation letter to each of the new zones. The letters will outline conditions which must be met to be granted final designation. Examples of conditions include preparation of an Environmental Impact Report and a signed memorandum of understanding with the Department which includes performance measures and benchmarks.

The 23 new zones touch every major region of California:

<u>Central Valley</u> 24,377 businesses located within the zone; 12,266 hires the first year	
City of Arvin	City of Arvin
Delano	City of Delano
Fresno-City	City of Fresno
Fresno-County	Cities of Fowler, Firebaugh, Kerman, Mendota, Orange Cove, Parlier, San Joaquin, Sanger, Selma, County of Fresno
Merced	Cities of Los Banos, Atwater, Dos Palos, Gustine, Livingston, Merced, County of Merced
<u>Greater Sacramento/Stockton</u> 3,683 businesses located within the zone; 3,900 hires the first year	
North Sacramento	City of Sacramento, County of Sacramento
Yuba Sutter	Cities of Marysville, Yuba City, Wheatland, Live Oak, Counties of Yuba and Sutter
<u>Inland Empire/Imperial Valley</u> 5,651 businesses located within the zone; 3,225 hires the first year	
Calexico	City of Calexico, County of Imperial
City of San Bernardino	Cities of San Bernardino and Colton, County of San Bernardino, Inland Valley Development Agency
Coachella	Cities of Coachella and Indio, County of Riverside
<u>Los Angeles Region</u> 80,653 businesses located within the zone; 19,880 hires the first year	
City of LA-Central/Hollywood	City of Los Angeles – Hollywood and Central City
Compton	City of Compton
Santa Clarita	City of Santa Clarita
Long Beach	City of Long Beach
Pasadena	City of Pasadena
City of Southgate/Lynwood	Cities of Southgate and Lynwood
<u>San Diego</u> 8,640 businesses located within the zone; 2,500 hires the first year.	
San Diego	Cities of San Diego, Chula Vista, National City

<u>Bay Area</u> 38,067 businesses located within the zone; 6,000 hires the first year	
Richmond	City of Richmond
San Francisco	City and County of San Francisco
San Jose	City of San Jose
<u>Northern California</u> 7,810 businesses located within the zone; 1,900 hires the first year	
Shasta	Cities of Redding, Anderson, Shasta Lake, County of Shasta
Eureka	City of Eureka, County of Humboldt
Oroville	City of Oroville

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